

Message Text

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ORIGIN EB-08

INFO OCT-01 EUR-12 ISO-00 CAB-05 CIAE-00 COME-00
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O R 071658Z SEP 78
FM SECSTATE WASHDC
TO AMEMBASSY MOSCOW IMMEDIATE
AMEMBASSY BELGRADE IMMEDIATE
AMEMBASSY BUCHAREST IMMEDIATE
AMEMBASSY BUDAPEST IMMEDIATE
AMEMBASSY PRAGUE IMMEDIATE
AMEMBASSY ANKARA IMMEDIATE
AMEMBASSY THE HAGUE IMMEDIATE
AMEMBASSY PARIS IMMEDIATE
AMEMBASSY LISBON IMMEDIATE
AMEMBASSY VIENNA IMMEDIATE
INFO AMEMBASSY WARSAW
AMEMBASSY LONDON
AMEMBASSY BONN

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E.O. 11652: N/A

TAGS: EAIR, XH

SUBJECT: SUSPENSION OF PAN AM SERVICES

1. FOLLOWING IS TEXT OF PAN AM PRESS RELEASE ISSUED NOON
SEPTEMBER 7:

QUOTE. DAN A. COLUSSY, PRESIDENT AND CHIEF OPERATING
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OFFICER OF PAN AMERICAN WORLD AIRWAYS, ANNOUNCED TODAY THAT
THE AIRLINE WILL MODIFY ITS SERVICE STRUCTURE IN ORDER TO
MEET THE COMPANY'S 1979 EFFICIENCY AND PROFIT OBJECTIVES.

"WE ARE REDISTRIBUTING OUR RESOURCES TO PERMIT US TO
INCREASE SERVICE ON HIGH-DEMAND ROUTES," COLUSSY SAID.
"TO ACCOMPLISH THIS, WE ARE SUSPENDING SERVICE AT TWO

POINTS IN THE U.S. AND 10 POINTS ABROAD ON OCTOBER 29."

AMONG THE POINTS BEING SUSPENDED ARE BOSTON AND PORTLAND AND AMSTERDAM, PARIS, VIENNA, LISBON AND ANKARA.

IN ADDITION, PAN AM, WHILE ALSO CEASING ITS LESS THAN DAILY SERVICE TO MOSCOW, BELGRADE, BUDAPEST, BUCHAREST AND PRAGUE, WILL CONTINUE TO SERVE EASTERN EUROPE BY WIDEBODY FLIGHTS TO FRANKFURT AND BY 727 DAILY THROUGH SERVICE TO WARSAW, THE STRONGEST TRAFFIC POINT IN THE AREA.

CONNECTING SERVICES FROM EITHER POINT WILL REACH ALL THE OTHER POINTS IN EASTERN EUROPE WITH HIGHER FREQUENCIES THAN THOSE PERMITTED PAN AM.

COLUSSY ALSO NOTED THAT THE TRAFFIC COLLECTION AND DISTRIBUTION SYSTEM IN THE COMMUNIST COUNTRIES IS TOTALLY CONTROLLED BY THEIR STATE-OWNED AIRLINES AND CONSEQUENTLY COMPETITION FOR BUSINESS IN THOSE COUNTRIES IS NOT POSSIBLE.

"WE HAVE AN OBLIGATION TO USE OUR RESOURCES COMPETITIVELY WHERE WE CAN MAKE A SATISFACTORY RETURN," COLUSSY SAID.

"INCREASING COSTS AND DECLINING GROWTH IN YIELD ARE IMPORTANT REASONS FOR THESE ADJUSTMENTS. SO ARE INCREAS-
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ING TRAFFIC AND U.S. MARKET SHARES ON OUR MAJOR TRUNKLINE ROUTES. WE ALSO FACE THE FACT OF ADDITIONAL COMPETITION BY BOTH FOREIGN-FLAG AND US.-FLAG AIRLINES IN 1979.

"THE SUSPENSIONS AMOUNT TO 3.6 PERCENT OF OUR AVAILABLE SEAT MILES AND WILL BE MORE THAN MADE UP FOR BY IMPROVED SERVICE ON THE MAJOR ROUTES. THEY REPRESENT A CONTINUATION OF THE RESTRUCTURING OF THE AIRLINE OVER THE LAST FEW YEARS WHICH HAS GIVEN IT THE HIGHEST EMPLOYEE PRODUCTIVITY AMONG ALL AIRLINES DEVOTED PRIMARILY TO INTERNATIONAL AIR PASSENGER TRANSPORTATION." END QUOTE.

2. SEPARATE SUBSTANTIVE CABLES WILL FOLLOW. CHRISTOPHER

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